

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Notice DCP-23

For: State and County Offices

Peanut Quota Buyout Program (QBOP)

Approved by: Deputy Administrator, Farm Programs



1 Overview

A

Background

On May 13, 2002, the President signed the Farm Security and Rural Investment Act of 2002 (the Act) Pub. L. 107-424. Title I, Commodity Programs, provides authority for QBOP.

Subtitle C, Peanuts, terminated peanut quotas effective with crop year 2002 and provided for compensation for the loss of quota asset value through QBOP. Payments to eligible quota holders will provide compensation for the loss of quota at the rate of \$0.11 per pound per year for 5 years or 1 lump sum payment of \$0.55 per pound to be issued in the fiscal year elected by the eligible quota holder.

B

Purpose

This notice:

- informs State and County Offices of QBOP provisions and the sign-up period
- provides instructions for:
 - reviewing and updating peanut quota pounds and ownership of peanut quota pounds in the automated system
 - County Offices to generate QBOP reports and for reviewing and updating records, if necessary, to properly update ownership of quota through automation **before** printing the notification letter in Exhibit 1

Continued on the next page

Disposal Date

February 1, 2003

Distribution

State Offices; State Offices relay to County Offices

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1 Overview (Continued)

B

Purpose (Continued)

- County Offices to print the notification letter (Exhibit 1) for all eligible quota holders
 - County Offices to begin mailing notification letters immediately and complete mailing by August 30, 2002.
-

C

Sign-Up Period

Sign-up for QBOP begins September 3, 2002, and ends November 22, 2002. Eligible quota holders must apply at the local FSA County Office by completing CCC-530.

D

Automation Software

Automation software to generate QBOP reports, notification letters, and view/update options will be issued in County Release No. 492. Instructions for accessing and using this software is provided in this notice. Future software will provide the capability to create automated QBOP contracts and payment processing. The QBOP contract software and payment processing software will be provided separately.

2 Eligible Quota Holders

A

Eligible Quota Holders-General Rule

An eligible peanut quota holder is a person that owned a farm or tract on May 13, 2002, which had a 2001 basic quota greater than zero. See exceptions to the general rule in subparagraphs B and C.

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2 Eligible Quota Holders (Continued)

B

Contract for Purchase of a Farm

The following table provides exceptions to the general rule for eligible quota holders.

IF a written agreement was in effect before May 13, 2002, for the purchase of...	AND the parties had...	THEN...
all or a portion of a farm	agreed in writing as to the distribution of quota pounds	the QBOP payment will be disbursed according to the agreement.
all of a farm or all of a tract of a farm	not agreed in writing as to the distribution of quota pounds	the quota will go with the tract having the quota.
portion of a tract	not agreed in writing as to the distribution of quota pounds	the quota will be divided based on cropland.

Note: Quota pounds under a pending permanent transfer of quota pounds involved on the farm that has otherwise been agreed to in writing, shall be considered owned by the transferee.

Ensure that COC determinations involving divisions of quota pounds for peanut quota buyout purposes are thoroughly documented in the COC minutes. Copies of sales contract agreements shall be retained in the County Office.

C

Contract for Purchase of Quota (Transfer)

If an agreement for the permanent transfer of quota was in effect before May 13, 2002, and the parties have agreed to the transfer of the quota pounds on the farm, the QBOP payment will be disbursed according to the agreement. The agreement may be FSA-375, a written contract, written agreement, or verbal agreement. The permanent transfer of quota must be agreed upon by all associated parties in writing.

Note: For a verbal agreement, the parties involved shall submit to COC a certification, which must include the date of the agreement, pounds agreed upon, and associated farm numbers. All parties must sign the certification for it to be considered valid. Verbal agreements without the signed certification will **not** be considered.

Continued on the next page

2 Eligible Quota Holders (Continued)

D

Meritorious Cases

In some cases, COC's may be unable to make a determination as to eligibility including, but not limited to:

- the eligible quota holder is deceased with no will and COC is unable to determine the correct owners of the farm or tract on the farm
- disputes over ownership of peanut quota.

COC shall submit cases involving ownership of quota for which COC is unable to make a determination to DAFP, through the State Office, with the following information:

- COC minutes
- memo from the County Office stating the full facts of the case
- copies of supporting documentation
- STC recommendation.

No QBOP payments will be made on disputed ownership of quota pounds in question until:

- all parties agree
- COC with State Office concurrence has made a determination based on documentation submitted by parties involved and County Office records
- DAFP has approved the COC and STC recommendation.

Continued on the next page

2 Eligible Quota Holders (Continued)

E

Eligible Quota Holder With Life Estate

A person who retains a lifetime estate in a farm or tract of a farm that has a peanut quota attached is considered the eligible quota holder for the purposes of peanut quota buyout payments.

Example: Sarah Brown owned FSN 1, with 10,000 pounds of basic quota attached, she deeded the land to her daughter, Linda, in June 2001, however, Sarah Brown retained a lifetime estate in the land. Sarah Brown is the eligible quota holder for the purpose of QBOP payments.

F

Quota Holders Who Are Deceased

If an eligible quota holder died subsequent to May 13, 2002, but before entering into a contract for QBOP, quota pounds eligible for payment will be paid according to the following:

- the estate
- the method used to divide the estate, if the estate has been settled
- if an estate was not formed, an agreement in writing on the division of quota pounds, by all heirs of the estate.

Legal documentation must be provided demonstrating the estate division method or a written agreement signed by all heirs reflecting the subject heirs associated with the deceased producer's interest and division of pounds.

G

Eligible Quota Holders Who Are Dissolved Entities

In the case of a dissolved entity subsequent to May 13, 2002, before entering into a contract the members will be considered the eligible quota holders for QBOP. The quota pounds eligible for QBOP will be divided among the members based on each member's share of the entity for crop year 2001. All members of the dissolved entity at the time of dissolution, or their representatives, must sign all CCC-530's.

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2 Eligible Quota Holders (Continued)

H

Eligibility Is Attached to the Quota Holder

After an individual, entity, or joint operation has been determined as the eligible quota holder and enters into and has an approved CCC-530, eligibility attaches to the quota holder and remains, regardless of whether the quota holder:

- sells the farm that qualified the individual as an eligible quota holder
- no longer has an interest in the farm that qualified the individual as an eligible quota holder
- no longer has an interest in the production of peanuts on any farm.

Note: Continued eligibility does not remain with a farm but remains with a person subject to an approved CCC-530 for the duration of the contract.

3 Eligible Quota Pounds

A

Poundage Eligible for Quota Buyout

Quota pounds eligible for QBOP payments will be based on the quota poundage allocated for crop year 2002, without regard to temporary leases, temporary seed quotas, or quotas allocated from the national reserve for experimental purposes or under the 1 acre provision. Quota pounds on land owned by universities for experimental purposes are eligible for QBOP. The total quota pounds eligible for QBOP payments cannot exceed the 2001 basic quota allocation.

B

Protected Quota Pounds

Quota pounds which are protected under a conservation reserve program shall be considered eligible pounds for QBOP payments.

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4 QBOP Payment Provisions

A

General Payment Provisions

Eligible quota holders are eligible to receive a QBOP payment of \$0.11 cents per pound for owned quota pounds, each of the 5 years 2002 through 2006 or a lump sum payment calculated by multiplying the annual installment by 5.

Eligible quota holders have a **one time** option to elect either the lump sum payment or 5 equal installments. After an option has been selected and the first installment has been paid, no option changes will be allowed. If the lump sum option is selected, the eligible quota holder must designate 1 of the fiscal years 2002 through 2006 in which the payment will be issued. Historic peanut producers who elect either the 5 equal installments or the lump sum payment will receive the first annual payment for FY 2002, if applicable, as soon as practical after signup. Annual installment payments shall be paid no later than September 30 each fiscal year, 2003 through 2006.

B

QBOP Payment Formula

The QBOP equal installment payment will be calculated by multiplying the eligible quota holder's total quota pounds on all farms times \$0.11 per pound and rounding to the nearest dollar. To determine the one-time lump sum payment the annual installment will be multiplied by 5.

C

Liens and Mortgages

Liens or mortgages held by financial institutes on farms with peanut quota attached do not apply to QBOP payments.

D

Bankruptcy

Bankruptcy status does not exclude a quota holder from requesting QBOP payments.

Note: Contact the OGC Regional Attorney for guidance on issuing QBOP payments on all bankruptcy cases.

Continued on the next page

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4 QBOP Payment Provisions (Continued)

E

Administrative Offset

QBOP payments are subject to administrative offset.

F

Assignments

County Offices shall process assignments and joint payments according to 63-FI. The program code for QBOP is **XXQBOP**. Replace the “XX” with the last 2 digits of the fiscal year.

G

Eligibility Requirements

The following eligibility requirements do not apply to QBOP payments:

- HELC/WC provisions
 - controlled substance violations
 - payment limitation and payment eligibility provisions, including the foreign person rule.
-

H

IRS Information

IRS is currently developing tax information concerning QBOP payment. The information will be provided by IRS by September 3, 2002.

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5 Accessing the Reports

A

Accessing Report of Quota Holders and Eligible Quota Pounds

Access the report according to this table.

Step	Action	Result
1	ENTER "14" on Peanut Main Menu MPA200.	Menu MPAA00 will be displayed.
2	On Menu MPAA00, ENTER "1".	Menu MPAA10 will be displayed.
3	On Menu MPAA10, ENTER "2".	Menu MPAA1201 will be displayed.
4	<p>On Menu MPAA1201, enter 1 of the following:</p> <ul style="list-style-type: none">• "1" to print the county report <p>Note: This report will provide the user with eligible quota holders' names, FSN, tract number, quota pounds, total quota pounds for each eligible quota holder, and total quota pounds eligible for buyout for the county.</p> <ul style="list-style-type: none">• "2" and select the owner to print a report for only that owner• "3" to print a report with eligible quota holder information for all owners, with each owner on a separate page. <p>Enter the ID number of the printer to be used.</p>	The appropriate report will be printed.

Continued on the next page

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5 Accessing the Reports (Continued)

B

Example of Report of Quota Holders and Quota Pounds Eligible for Buyout - County

The following is an example of the Report of Quota Holders and Quota Pounds Eligible for Buyout for the County.

Note: The first time this report is generated, a copy should be retained in the County Office file. The total of all poundage used to calculate QBOP payments for the county shall not exceed the total quota on this report.

State	U. S. Department of Agriculture		Prepared: xx-xx-xx
County	Report of Quota Holders and Quota Pounds Eligible for Buyout		
Report ID: MPAA14-R001	Page 1 of-		

Name	FSN	Tract Number	Quota Pounds
Brown, Sam	1	20	10,000
	10	31	5,155
	350	182	<u>21,000</u>
Owner Total			36,155*
Jones, John	1	21	10,000
	1	28	<u>10,000</u>
Owner Total			20,000*
County Total			56,155

Continued on the next page

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5 Accessing the Reports (Continued)

C

Example of Report of Quota Holders and Quota Pounds Eligible for Buyout - Owner

The following is an example of the Report of Quota Holders and Quota Pounds Eligible for Buyout by owner.

State	U. S. Department of Agriculture		Prepared: xx-xx-xx
County	Report of Quota Holders and Quota Pounds Eligible for Buyout (By Owner)		Page 1 of--
Report ID: MPAA14-R001			
Name	FSN	Tract Number	Quota Pounds
Brown, Sam	1	20	10,000
	10	31	5,155
	350	182	<u>21,000</u>
Owner Total			36,155*

6 View/Update Screens

A

Purpose of View/ Update Screens

The quota pounds eligible for buyout are taken from the automated 2001 peanut farm and tract history files because no quota was allocated for crop year 2002. This record does not include any changes in farm ownership that may have taken place after rollover of 2001 farm records, which took place in October 2001. Therefore, any change in ownership of farms that have quota attached, incorrect record of ownership, or sales of quota pounds that took place after rollover and before May 13, 2002, must be updated in the QBOP file. The following screens will allow for updating owners of quota for QBOP payment purposes. These screens will not update owners of farms.

Continued on the next page

6 View/Update Screens (Continued)

B

Accessing View/ Update Screens

Access the main view/update screen to update quota owners according to this table.

Step	Action	Result
1	ENTER "14" on Peanut Main Menu MPA200.	Menu MPAA00 will be displayed.
2	On Menu MPAA00, ENTER "1".	Menu MPAA10 will be displayed.
3	On Menu MPAA10, ENTER "1".	Screen MPAA0101 will be displayed.

C

Screen MPAA0101

The following screen will allow the user to enter FSN and select option "1" to view or "2" to update. If option "1" is entered the user will be in the browse mode for all screens. **Only** an active 2001 FSN will be allowed to be entered.

```

QBOP                                Xxx-Thomas                                MPAA0101
Pre-Processing and Notification Letters  Version: xxxx                xx-xx-xx  xxxxx Term xx
-----
Crop Year 2001

      Please Enter a Farm Number:          xxxx

              And

      Select a Process Option
      1.  View
      2.  Update

Enter=Continue          Cmd7=End
  
```

Continued on the next page

6 View/Update Screens (Continued)

D

Screen MPAA0301 for Selecting Tract Number

The is an example of Screen MPAA0301 which will be displayed when option 1 or 2 is selected on Screen MPAA0101. This screen will be displayed with all tract numbers and the total quota for each tract. If more tracts exist than can be displayed on this screen press “Enter” and the next screen of tract data will be displayed. The user selects the tract to be viewed or updated by sequence number and presses “Enter” to display Screen MPAA0501.

QBOP	Xxx-Thomas	MPAA0301
Pre-Processing and Notification Letters	Version: xxxx	xx-xx-xx xxxxx Term xx

Crop Year: 2001	FSN: XXXX	
View/Update Farm/Tract Quota		
Seq	Tract Number	Sum of Quota Owner's Pounds
1	1536	1,790
2	1537	3,424
3	1538	2,977
4	1539	1,871
Enter a sequence number to process 1		
Screen 1 of 1		
Enter=Continue	Cmd4=Previous Screen	Cmd7=End

Continued on the next page

6 View/Update Screens (Continued)

E Screen MPAA0501 for Adjusting Quota Pounds or Adding Owners

The purpose of this screen is to allow County Offices to correct the owner of the quota or adjust quota pounds because of permanent transfers. If a quota holder has permanently transferred part or all of the quota pounds on a tract, add the new owner and adjust quota pounds for the previous owner and the new owner. All adjustments to owners and quota pounds must be made through this screen. If the previous owner's quota is adjusted to zero on all farms and tracts, the owner will no longer be listed on the Report of Quota Holders and Quota Pounds Eligible for Buyout.

When a sequence number is selected on Screen MPAA0301 the user will be allowed to view or update quota pounds on this screen. If "Cmd16", "Add tract Quota Owner", is selected on Screen MPAA0501, Screen MPAA0500 will be displayed, according to subparagraph 6 F. A message will be displayed instructing the user to "Screen Print Before and After Changes".

QBOP	Xxx-Thomas	MPAA0501
Pre-Processing and Notification Letters	Version: xxxx	xx-xx-xx xxxxx Term xx

Crop Year: 2001	FSN: 808	Tract # 1536
		Quota
Tract Quota Owner Name	ID and ID Type	Owner's Pounds
Little H Reichert Deceased	257584733 T	835
Dennis A Reichert	259180205 S	835
Screen Print Before and After Changes		
Screen 1 of 1		
Enter=Continue Cmd4=Previous Screen Cmd7=End Cmd16=Add tract Quota Owner		

If the user selects "Cmd16", the user will be allowed to add a new quota owner.

Note: It is very important to review tract owner's name, ID number, and type as well as quota pounds associated with the owner. Ensure that the owner's name does not have "deceased" in it and that ID types do not equal "T" for temporary ID's. Screen MPAA0501 is an example of when a change must be made.

Continued on the next page

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6 View/Update Screens (Continued)

F Selecting New Owners

When “Cmd16” is selected on Screen MPAA0501, Screen MPAA0500 will be displayed to allow the user to select a new owner. This is an example of Screen MPAA0500.

QBOP	367-Thomas	Screen MPAA0500
Pre-Processing and Notification Letters	Version: xxxx	Xx-xx-xx Term xx
Crop Year: 2001	FSN: 228	Tract # 1222
Owners's Last Name	REICHERT	
Or		
Owners's ID (numeric):		
ID TYPE: ____ (S, E, I, F - Optional)		
Enter=Continue Cmd7=End		

G Common Routine for Selecting an Owner

Upon entering the owner's last name or ID number and pressing “Enter” on Screen MPAA0501, the following Screen FAX270-01 will be displayed for selecting the person's name.

367-Parker	xxxxxxxxxx	FAX270-01
Common Routine to Select ID Number	Version: AA01	xx/xx/xx xx:xx Term xx
NAME	ID Number	ID TYPE
		DELETED
1 A Reichert Estate	253 50 7203	S Y
2 Bejamine E Reichert	255 10 7312	S
3 Jackie W Dale	451 76 1828	S
4 Susan Dale	587 72 9986	S
5 Dennis A Reichert	259 18 0205	S
Select number for desired Name ____5____ (Enter “N” if none of above or Cmd7-End)		

Continued on the next page

6 View/Update Screens (Continued)

H

Verify Owner or Add Additional Owners

When the user selects an owner on Screen FAX270-01 and presses “Enter”, Screen MPAA0502 will be displayed.

QBOP	367-Thomas	Screen	MPAA0502
Pre-Processing and Notification Letters	Version: xxxx	Xx-xx-xx	Term xx

Owners's Name	Dennis A Reichert		
Owners's Address	7409 Twelve Mile Post Rd. Boston, Ga. 31626-3545		
Owners's ID	259 18 0205 S		
Is this the correct owner? Y (Y or N)			
Are there additional owners? Y (Y or N)			
Enter=Continue			
Selected owner has been recorded; enter additional owners			

This screen is displayed to allow the user to verify that the owner is correct and give the user an opportunity to add additional owners. If the user responds to the question, “Is this the correct owner?”, with a “Y” and, “Are there additional owners?”, with an “N” the owner will be updated and Screen MPAA0501 will be displayed. If the user responds to both questions with a “Y”, the message, “Selected owner has been recorded; enter additional owners”, will be displayed.

6 View/Update Screens (Continued)

I

Validation Screen

After quota pounds have been adjusted on Screen MPAA0501, Screen MPAA0302 will be displayed if there is a difference between the quota pounds on the farm in the QBOP file and the 2001 quota pounds on the farm crop history file. If an out of balance condition occurs, a warning message will be displayed on the screen. The following screen provides an example of the warning message. The County Office must research the difference and screen print the screen before and after any changes. PRESS "Cmd4" to return to the previous screen to make corrections.

If the difference cannot be reconciled, contact DAFP through the State Office **before** disbursing QBOP payments, and provide an explanation and supporting documentation for concurrence.

QBOP	Xxx-Thomas	MPAA0302
Pre-Processing and Notification Letters	Version: xxxx	xx-xx-xx xxxxx Term xx
Crop Year:: 2001 FSN: 808		
View/Update Farm/Tract Quota		
Sum of all quota owner's pounds on farm	10,062	
Farm quota pounds on farm crop history	10,070	
====Warning=====		
Sum of all quota owner's pounds on the farm not equal to farm quota pounds on farm crop history. Please verify carefully before continuing.		
Highlighted message: "Changes are not updated until "Enter" is pressed on this screen".		
Message "Screen Print this Screen"		
Enter=Continue	Cmd4=Previous Screen	Cmd7

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7 Printing Notification Letters for Eligible Quota Holders

A

Accessing Print Options

Select option 3 on Menu MPAA10 to access print options for printing notification letters for eligible quota holders. An example of the letter is in Exhibit 1.

QBOP	Menu MPAA10	E4
Pre-Processing and Notification Letters		

1. View/Update		
2. Print Report of Quota Holders and Quota Pounds Eligible for Buyout		
3. Notification Letters - Owners		
21. Return to Application selection Screen		
22. Return to Office Selection Menu		
23. Return to Primary Selection Menu		
24. Sign Off		
Cmd3=Previous Menu		* Option Currently Not Available
Ready for option number or command		

B

Print Screen for Selecting Print Options

When option 2 is selected on Menu MPAA10, Menu MPAA3201 will be displayed to allow the user to select option 1 to print notification letters for only 1 eligible quota holder or option 2 to print notification letters for all eligible quota holders in the county. If adjustments are made to owners or quota pounds after the notification letter is generated, County Offices shall print another letter and mail it to the eligible quota holder. Retain a copy of notification letters in County Office files. Following is a copy of Menu MPAA3201.

QBOP	COMMAND	Menu MPAA3201	E4
Notification Letters - Owners			

1. Print only one Owner			
2. Print all Owners			
Enter Selection ----			
Printer ID ----			
Enter=Continue		Cmd7=End	

9 State and County Office Action

A

**State Office
Action**

State Offices shall:

- ensure that County Offices complete all required actions in this notice
 - monitor activity to ensure that notifications letters are mailed by August 30, 2002
 - notify EDSO when all counties in the State have completed mailing letters.
-

B

**County Office
Action**

County Offices shall immediately upon receipt of this notice and County Office Release No. 492 take the following actions:

- generate the Report of Quota Holders and Eligible Quota Pounds for QBOP
 - immediately review and update QBOP files
 - print and mail notification letters **after** updates have been completed, but no later than August 30, 2002
 - publicize sign-up period for QBOP, September 3, 2002, through November 22, 2002
 - publicize the lien and mortgage provisions in reference to QBOP according to subparagraph 4 C of this notice.
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Sample of Eligible Quota Holder Notification Letter

UNITED STATES
DEPARTMENT OF
AGRICULTURE

FARM SERVICE
AGENCY

SEMINOLE COUNTY FSA OFFICE
111 E CRAWFORD STREET
DONALSONVILLE, GA 31745
Phone: (229) 524-2434

August 1, 2002

Mr. Peanut Jones
501 E Crawford St.
Anywhere, GA 12345

Dear Peanut Quota Holder:

This letter is to inform you of critical information regarding the Peanut Quota Buyout Program. Please read carefully.

On May 13, 2002, the President signed the Farm Security and Rural Investment Act of 2002 (2002 Act), which terminated the peanut program provisions authorized under the Agricultural Adjustment Act of 1938, and provides quota holders with compensation for loss of quota. The compensation will be in the form of a Peanut Quota Buyout Payment. You have the choice of requesting either a **one-time** lump sum payment to be paid in the fiscal year you designate, or 5 annual payments. The payment rate is \$0.11 per pound times the 2001 quota pounds you owned as of May 13, 2002, paid in 5 annual installments or \$0.55 per pound if you elect the lump sum payment. We are sending you this letter so you may verify the accuracy of Farm Service Agency (FSA) records. These records will be used to determine the amount of your Peanut Quota Buyout Payment.

This letter serves as notification of quota pounds you own that are eligible for the peanut quota buyout payment, as recorded in your local FSA county office for crop year 2001. The following table provides data for each farm and tract on which you owned peanut quota pounds during crop year 2001:

FSN	Tract Number	Quota Pounds
1	20	10,000
1	25	5,155
9	80	<u>10,000</u>
Total Quota Pounds		36,155

Please review the above information. Carefully examine the quota information for each of the farms and tracts you own. If you determine that the information is both complete and accurate, do not take any action at this time. If you determine the data is incorrect, incomplete, or missing, contact your Farm Service Agency office and provide verifiable documentation of your quota pounds. If you have purchased or sold any land with quota pounds attached, or purchased or sold quota pounds on or before May 13, 2002, that is not reflected in this notice, contact your local FSA county office and provide supporting documentation, so FSA can update its records.

Types of documentation acceptable to support any change in ownership of land or quota pounds includes deeds, FSA-375 (Permanent Transfer of Quota Pounds), or agreements that have been finalized for the purchase of quota or land with quota attached. Documentation must have been signed by all parties by May 13, 2002.

Sign-up for the Peanut Quota Buyout Program will begin September 3, 2002 and end November 22, 2002. It is very important that you visit your local FSA county office and sign a Peanut Quota Buyout Contract during this period. Please contact your local FSA county office with any questions.

Sincerely,

/S/ Preston R. Wright

Preston R. Wright

COUNTY EXECUTIVE DIRECTOR